

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF WILLIAM SHELDON) APPEAL NO. 06-A-2519
from the decision of the Board of Equalization of Kootenai) FINAL DECISION
County for tax year 2006.) AND ORDER

COMMERCIAL PROPERTY APPEAL

THIS MATTER came on for hearing January 17, 2007, in Coeur d'Alene, Idaho, before Board Member David E. Kinghorn. Board Member Lyle R. Cobbs also participated in this decision. Appellant William Sheldon and Toby Sheldon appeared. Appraiser Louise Weed appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. 05760000020A.

The issue on appeal is the market value of complex commercial property.

The decision of the Kootenai County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$442,786, and the improvements' valuation is \$1,702,759, totaling \$2,145,545. Appellant requests the land value be reduced to \$305,370, and the improvements' value be reduced to \$1,303,938, totaling \$1,609,308.

The subject property is 15.66 acres "fully" developed as follows: 208 mini-storage units in eight buildings with mixed unit sizes, roughly two acres of outdoor storage, a 50-space manufactured home park, and a 21-space RV park. Subject is also improved with a well-maintained rental house and various outbuildings. The various improvements date back to 1965/67 on the manufactured home park and residence. A considerable amount of other construction occurred in the early 1990's.

The parties agree that subject's mixed-use presents a unique commercial property, who's appraisal is made more complex by an atypical, rural location. The property fronts on Highway

53, near its juncture with Highway 95.

Appellant questioned or objected to much of the County sales information and appraisal analysis. He reported the subject property was purchased in 2000. It was also noted commercial property value is closely related to the property's income. A number of pages of exhibit material was offered, some of which had been provided by the County. Some County sales were discussed, especially in arguing they could not be used to value subject, or that they were in some way invalid. However, no additional or alternative sales were provided, nor was there a written presentation or detailed appraisal-like analysis of subject's current value. Objections to the County sales included locations superior to subject and sale dates.

In relation to the mini-storage, Appellant reported a telephone conversation with a contractor where it was said such units could be built new for \$15 per square foot. For comparison, subject units (apart from land) are assessed on average at \$20.80 per square foot. However, there were almost no details on what was included in the \$15 bid making any close comparison suspect.

Appellant contended an actual sale would support a large increase in assessed value, but opined an increase in value should not be made based on the information offered by the Assessor. Before the County Board of Equalization, and together with a Realtor, Appellant agreed subject might be fairly assessed up to \$1.85 million, however no market information was offered in support of this position.

Respondent acknowledged this was a difficult property to appraise due to the variety of commercial uses. A number of extra care measures were taken to cross-check the final 2006 results. Different portions of the parcel were last appraised using different approaches to value for the 2002 tax year. Each component valuation (RV park, house, mini-storage) was explained

and outlined in exhibit materials. For instance, the residence was appraised under the cost approach, while the mobile home park was valued primarily on an income approach. Trending since the last reappraisal increased subject's value sharply. The trended results were checked through a sales comparison approach and by other reasonableness techniques. Considerable sales information was analyzed and presented to demonstrate subject's assessed values for major property components were conservative in comparison to market sales. The more conservative values were argued to be appropriate due to subject's rural location and complex property use.

The Assessor pointed out a number of positive factors regarding subject, such as condition, remodels, additions, and in some instances high occupancy (48 out of 50 spaces rented.) It was noted the subject property was located in a "hot" commercial market and that most other property assessments received extensive trends in recent years.

Subject last sold in November 2000. One of the Assessor's cross-checks was to index this older purchase price for an indication of value today. A May 2003 fee appraisal was also indexed to provide a current value indication. The last two indicators, and an overall property income approach, came in slightly higher than subject's 2006 assessed value.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Appellant's argument regarding applicable sale dates is misplaced. The standards referenced concern State Tax Commission mandated ratio studies and state-equalization. Ratio studies are not on appeal before this Board. The subject assessment is under appeal, and

subject's market value. In this regard, the Board looks to evidence from the most recent, proximate and similar comparable sales in relation to the current January 1, 2006 assessment date. Idaho Code § 63-205(1).

Only the County presented a current valuation of subject based on an analysis of recent, local comparable sales. Consideration was given to subject's rural location. Appellant did not demonstrate error in the County appraisal calculations, nor was an independent and supported valuation presented. Under the circumstances, the Board holds taxpayer has not met the requisite burden of proof on appeal. Idaho Code § 63-511(4) lists this burden of proof to be a preponderance of the evidence in record.

For the reasons expressed above, the Board will affirm the value decision of the Kootenai County Board of Equalization regarding the subject property.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

DATED this 1st day of May 2007.